

FOR IMMEDIATE RELEASE

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PANAMA CANAL AUTHORITY AWARDS THIRD EXPANSION EXCAVATION CONTRACT

CONTRACT AWARDED TO CONSTRUCTORA MECO, S.A.

PANAMA CITY, Panama, December 18, 2008 – The Panama Canal Authority (ACP) awarded Constructora MECO, S.A. the third of four dry excavation contracts Tuesday to help create an access channel linking the new Pacific locks with the Canal's existing Gaillard Cut (the narrowest stretch of the Panama Canal).

The contracting process began September 30, 2008 when the ACP released its request for proposals (RFP) for the excavation project. On December 4, 2008, the ACP received a total of six bids for the contract. Following a thorough review, the ACP determined that the lowest bidder, Constructora MECO, S.A., a Costa Rican firm established in Panama in 1995, met the requirements of the RFP and proceeded to award the contract to this company.

"This pivotal step in the process to build the new lane represents just one more example of the Expansion Program's steady progress. Constructora MECO, S.A. is a leading construction company in Latin America with expertise in the execution of infrastructure projects such as this one," said Executive Vice President of Engineering and Program Management Jorge L. Quijano. "The interest received for the Canal expansion's various elements demonstrates the industry's desire to make history and work on a very interesting and unique project."

The scope of work included in the contract encompasses the excavation, removal and disposal of 8 million cubic meters of material, which will further reduce Paraiso (Paradise) Hill from 46 meters to 27.5 meters above sea level. It also calls for the construction of approximately 2.5 kilometers of access roads and the clearing of 190 hectares of land bearing munitions and explosives of consideration (MEC), remnants from former U.S. military training in Panama.

The companies listed below submitted bids.

| COMPANY | BID PRICE |
|--------------------------------|------------------|
| 1. Cilsa Minera María | \$74,654,321.90 |
| 2. Conalvias-Retraneq | \$61,323,876.97 |
| 3. Constructora Santa Fe, Ltd. | \$46,049,339.26 |
| 4. Corporación M&S Int. | \$45,218,642.00 |
| 5. Constructora Urbana, S.A. | \$38,200,000.00 |
| 6. Constructora MECO, S.A. | \$36,659,852.28 |

Expansion will build a new lane of traffic along the Panama Canal through the construction of a new set of locks which will double capacity and allow more traffic and longer, wider ships.

About the Panama Canal Authority (ACP)

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EXPANSION NOTES

Panama Canal Signs \$2.3 Billion Expansion Agreement

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During an official ceremony held at Panama's Ascanio Arosemena Auditorium, Mr. Alemán Zubieta signed the agreement to officiate the financing package, which covers a portion of the \$5.25 billion Canal Expansion Program. Panamanian President Martín Torrijos also signed the agreement as an honorary witness.



Those in attendance and pictured left to right include: Francisco de Paula Coelho, Latin America and Asia director, European Investment Bank (EIB); Enrique García Rodríguez, executive president, Corporación Andina de Fomento (CAF); Luis Alberto Moreno, president, Inter-American Development Bank (IDB); Martín Torrijos, Panamanian president; Alberto Alemán Zubieta, administrator and chief executive officer, Panama Canal Authority; Juan Jose Daboub, World Bank Group managing director, International Finance Corporation (IFC); and Yoshihiko Morita, vice president, Japan Bank for International Cooperation (JBIC).

Representing Asia, Latin America, Europe and the United States, the agencies' confidence in the expansion project underscores the Canal's importance to Panama's economic growth and world trade.

President Torrijos first announced the agencies' finance package on October 14, which provides favorable provisions for the ACP including a 20-year amortizing period with a 10-year grace period.

The package will be allocated as follows:

| <u>ACP Expansion Program Financing Structure</u> | |
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| Multilateral Agencies | Amount |
| Japan Bank for International Cooperation (JBIC) | \$ 800 million |
| European Investment Bank (EIB) | \$ 500 million |
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(Note: Amounts listed in U.S. dollars.)

Since July 2007, the ACP has been approaching financial institutions to determine the most viable financing for the waterway's Expansion Program. The process began in Panama and continued with presentations to a number of financial institutions in New York, Washington, Hong Kong and London. Additionally, the ACP recently received its first-ever prospective investment grade rating. Moody's Investors Services, one of the world's top credit rating agencies, gave the ACP an A1 as a government-related issuer, and a prospective A2 investment grade for the \$2.3 billion financing for the expansion project – thus reaffirming Panama's growing presence in the global marketplace.

ACP Announces Fiscal Year 2008 Metrics

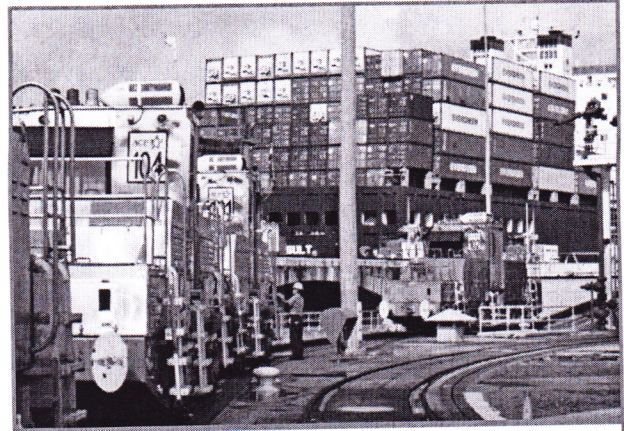
On October 24, the ACP released its fiscal year 2008 operational metrics – a crucial medium by which it analyzes the effects of global industry trends and gauges performance.

The slowing U.S. economy has slightly reduced cargo shipments traveling to and from U.S. ports via the waterway. Year-end (October 2007 – September 2008) statistics demonstrate that the Canal continues to experience growth in key segments and provide safe, reliable and efficient service to its customers.



Highlights from fiscal year 2008 include:

- ↑ Booked transits increased 3.9 percent – from 7,857 to 8,167 transits.
- ↑ Tanker traffic jumped by 4.8 percent – from 1,972 to 2,067 transits.
- ↑ Tanker tonnage increased 8.6 percent and the Canal also saw an increase in passenger vessel transits – up 17.6 percent from 205 to 241 transits.
- ↑ Transits by drybulkers were slightly up from 2,406 to 2,420 transits.



Tow tracks (pictured above) enable locomotive units to move alongside transiting vessels.

ACP Board of Directors and Advisory Board Meet to Discuss Canal Developments

The ACP Board of Directors and Advisory Board convened in Panama October 21 to discuss Canal Expansion Program progress, operational developments at the waterway, and other industry issues and trends. The Advisory Board meets twice a year with the Board of Directors to keep the ACP abreast of maritime industry developments and related activities at the international level.

In their sixteenth meeting to date, ACP Administrator/CEO Alberto Alemán Zubieta gave an overview on the fiscal year 2008 (October 2007-September 2008) operational results, highlighting the Canal's record \$2 billion earnings. Additionally, the Boards evaluated the advancement of the Canal's expansion, including the project's recently announced \$2.3 billion financing structure approved by the Cabinet Council and the ACP Board of Directors.

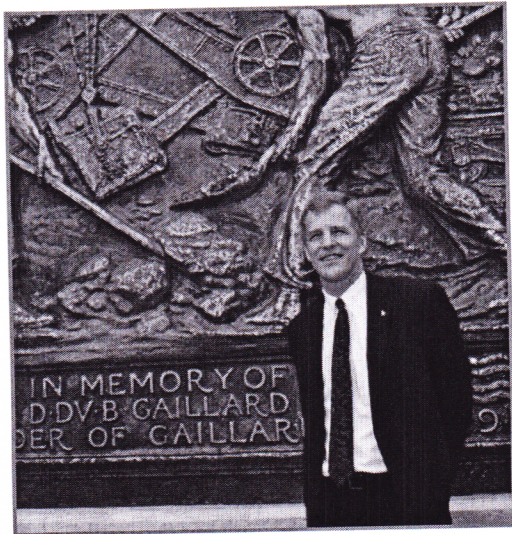
ACP Renews Strategic Alliances with the Ports of Georgia and Houston



To stimulate increased collaboration and promote trade, the ACP recently extended its Memorandums of Understanding with the Georgia Ports Authority, the Port of Houston Authority and the Port of Miami (pictured left). The ACP first signed agreements with each of the ports in 2003, establishing strong strategic alliances and boosting economic activity between Panama and the United States.

Areas of cooperation agreed upon in the MOUs include joint marketing efforts, exchange of data, market studies, expansion plans, training and technology. As the Panama Canal continues to undergo its historic expansion, the ACP looks forward to continuing its partnerships with the ports and promoting usage of the "All-Water Route" (the route from Asia to the U.S. East and Gulf Coasts via the Panama Canal).

NASA Astronaut Presents Space-Flown Flag to the ACP



On October 1, NASA Astronaut Dr. Scott Parazynski (pictured left) presented the ACP with a Panama flag and a collection of photos in honor of his ancestor, Colonel David DuBose Gaillard, and Gaillard's contribution to the original construction of the Panama Canal. Dr. Parazynski presented the items, which were flown into space during his most recent mission, to ACP Administrator/CEO Alberto Alemán Zubieta.

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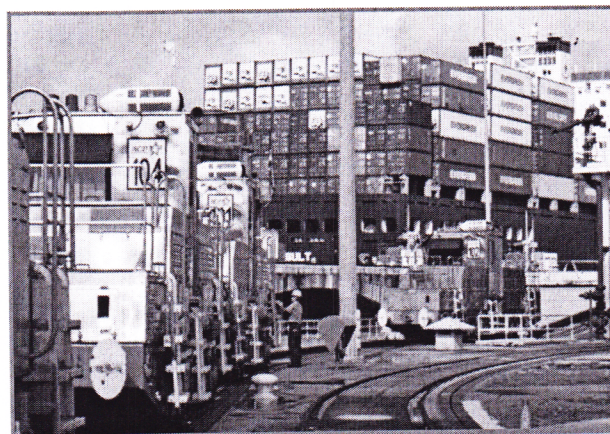
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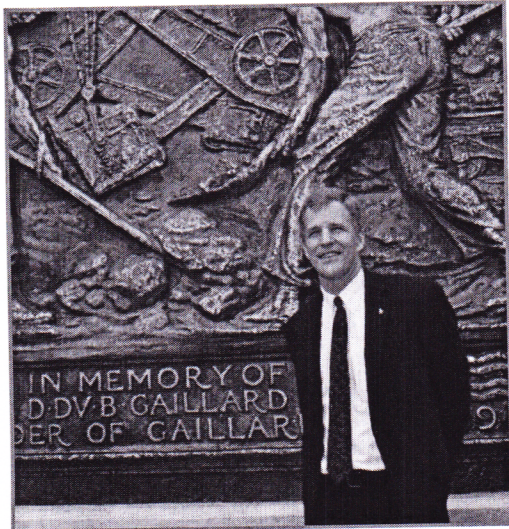
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ACP Announces Fiscal Year 2008 Metrics

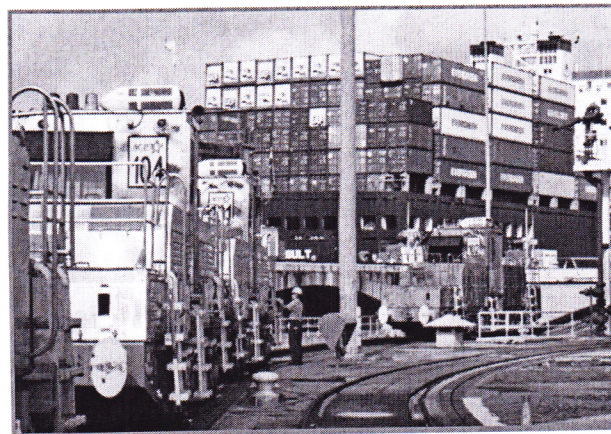
On October 24, the ACP released its fiscal year 2008 operational metrics – a crucial medium by which it analyzes the effects of global industry trends and gauges performance.

The slowing U.S. economy has slightly reduced cargo shipments traveling to and from U.S. ports via the waterway. Year-end (October 2007 – September 2008) statistics demonstrate that the Canal continues to experience growth in key segments and provide safe, reliable and efficient service to its customers.



Highlights from fiscal year 2008 include:

- ↑ Booked transits increased 3.9 percent – from 7,857 to 8,167 transits.
- ↑ Tanker traffic jumped by 4.8 percent – from 1,972 to 2,067 transits.
- ↑ Tanker tonnage increased 8.6 percent and the Canal also saw an increase in passenger vessel transits – up 17.6 percent from 205 to 241 transits.
- ↑ Transits by drybulkers were slightly up from 2,406 to 2,420 transits.



Tow tracks (pictured above) enable locomotive units to move alongside transiting vessels.

ACP Board of Directors and Advisory Board Meet to Discuss Canal Developments

The ACP Board of Directors and Advisory Board convened in Panama October 21 to discuss Canal Expansion Program progress, operational developments at the waterway, and other industry issues and trends. The Advisory Board meets twice a year with the Board of Directors to keep the ACP abreast of maritime industry developments and related activities at the international level.

In their sixteenth meeting to date, ACP Administrator/CEO Alberto Alemán Zubieta gave an overview on the fiscal year 2008 (October 2007-September 2008) operational results, highlighting the Canal's record \$2 billion earnings. Additionally, the Boards evaluated the advancement of the Canal's expansion, including the project's recently announced \$2.3 billion financing structure approved by the Cabinet Council and the ACP Board of Directors.

ACP Renews Strategic Alliances with the Ports of Georgia and Houston



To stimulate increased collaboration and promote trade, the ACP recently extended its Memorandums of Understanding with the Georgia Ports Authority, the Port of Houston Authority and the Port of Miami (pictured left). The ACP first signed agreements with each of the ports in 2003, establishing strong strategic alliances and boosting economic activity between Panama and the United States.

Areas of cooperation agreed upon in the MOUs include joint marketing efforts, exchange of data, market studies, expansion plans, training and technology. As the Panama Canal continues to undergo its historic expansion, the ACP looks forward to continuing its partnerships with the ports and promoting usage of the "All-Water Route" (the route from Asia to the U.S. East and Gulf Coasts via the Panama Canal).

NASA Astronaut Presents Space-Flown Flag to the ACP



On October 1, NASA Astronaut Dr. Scott Parazynski (pictured left) presented the ACP with a Panama flag and a collection of photos in honor of his ancestor, Colonel David DuBose Gaillard, and Gaillard's contribution to the original construction of the Panama Canal. Dr. Parazynski presented the items, which were flown into space during his most recent mission, to ACP Administrator/CEO Alberto Alemán Zubieta.

In the early part of the twentieth century, Colonel Gaillard was charged with the monumental task of cutting through the Continental Divide in Panama. The treacherous eight-mile strip of mountainous terrain, known as the Culebra Cut, was later renamed Gaillard Cut in honor of Colonel Gaillard who died in 1913 before the Canal project was completed.

ACP Receives Bid Proposals for Third Dry Excavation Project

Moving forward with the selection process for the third of four dry excavation contracts under its Expansion Program, the ACP officially received a total of six bids December 4. Now, submissions will be thoroughly reviewed and the contract will be awarded to the firm or consortia with the lowest priced proposal that meets all of the RFP's requirements. This dry excavation project will help to create expansion's critical access channel that will link the new Pacific locks with the Canal's existing Gaillard Cut (the narrowest stretch of the Panama Canal). The scope of work will include excavation and the removal and disposal of 8 million cubic meters of material. Moreover, the RFP calls for clearing 190 hectares of munitions and explosives of consideration (MECs), remnants from former United States training facilities in the Canal Zone.

ACP and Consortia Conduct Second Contracting Meeting

On October 30, the ACP conducted the second pre-bid conference about the design and construction bid for the third set of locks project with the four prequalified consortia: C.A.N.A.L.; the Atlantic-Pacific Consortium of Panama; Bechtel, Taisei Mitsubishi Corporation; and the United Groups for the Canal. The meeting took place a week after the ACP extended the date for the submission of the technical and financial proposals from December 10, 2008 to March 3, 2009. During the meeting, ACP Executive Vice president of Engineering and Program Administration Jorge Luis Quijano spoke with the consortia about recent developments such as the A2 investment grade credit rating, which proved beneficial in obtaining the \$2.3 billion financing required for expansion under very good terms. The contract for the construction of the Canal's new set of locks is scheduled to be awarded during the second quarter of 2009.

What People Are Saying About Canal Expansion

"With the ability to handle most of the world's largest ships, the Panama Canal will begin to enjoy better economies of scale than its primary competitor, which is the transpacific intermodal route from Asia to the West Coast and to the rest of the U.S. by rail."

- Asaf Ashar, head of Washington office, University of New Orleans' National Ports and Waterways Institute, November 28, 2008

"The Port of Miami is proud to renew its partnership with the Panama Canal Authority. The Port of Miami is the closest U.S. port to the Panama Canal. We will be in a key strategic position to accommodate the world's largest cargo vessels as a result of the expansion of the canal."

- Bill Johnson, seaport director, Port of Miami, December 8, 2008

"All of our entities are oriented to development and our loans to support the expansion of the Panama Canal are in line with our collective objectives to build infrastructure, support economic growth, facilitate world commerce, and create employment opportunities. It is an opportunity that is not very common to be able to participate in a transaction that incorporates all these elements with benefits that reach beyond Panama to the region and the world."

- Luis Alberto Moreno, president, Inter-American Development Bank, December 9, 2008

"The studies show that in the long-run, once the enlargement of the Canal project is completed this project will result in substantial CO₂ emission savings. Enlargement of the Canal will be one of the largest CO₂ saving projects of the decade."

- Francisco de Paulo Coelho, Latin America and Asia department director, European Investment Bank, December 10, 2008

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**IMAGE OF THE MONTH: PANAMA CANAL AUTHORITY HOSTS
MUSIC LEGENDS AT PANAMA JAZZ FESTIVAL 2009**



Berklee College of Music Quartet pictured left to right: Julian Shore, Shin Sakaino, Jahaziel Arrocha and Jonathan Pinson.

PANAMA CITY, Panama, January 22, 2009 – The Panama Canal Authority (ACP) welcomed thousands of spectators and musicians from around the world for Panama Jazz Festival 2009. Held in the Ascanio Arosemena Training Center January 12-17, this year's festival honored late Panamanian bassist and composer Clarence Martin Sr.

Festival performers included jazz legends Chucho Valdés, Wayne Shorter, Danilo Pérez, Marco Pignataro and Edna Golandsky. The program also featured educational workshops and concerts by students including Panamanian saxophonist Jahaziel Arrocha of the Berklee College of Music Quartet (pictured left).

One of the most important cultural events of the hemisphere, Panama Jazz Festival 2009 served as a unique opportunity for the ACP to not only let the world travel through, but also stand still at the Canal to enjoy the sounds of jazz.

About the Panama Canal Authority (ACP)

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PANAMA CANAL IMPLEMENTS TEMPORARY MEASURES TO HELP CUSTOMERS WITH CURRENT ECONOMIC CRISIS

SIGNALS SENSITIVITY TO CUSTOMER NEEDS; MITIGATES ECONOMIC IMPACT OF CURRENT CRISIS ON CLIENTS

PANAMA CITY, Panama, April 30, 2009 – Demonstrating sensitivity to customer needs during these uncertain economic times, the Panama Canal Authority (ACP) announced today a temporary plan that will provide short-term cost reduction and greater flexibility to its Reservation System. The temporary measures, designed to help mitigate the impact of the crisis on the Canal's clients, were approved by the ACP Board of Directors Monday, April 27. The result of informal consultations with clients, the temporary measures will take effect June 1, 2009 and continue through September 30, 2009.

The two primary components are:

- A redefinition of ballast (ships without cargo) for full container vessels transiting the Canal;
- Modifications to the Reservation System to increase flexibility and reduce fees.

I. Temporary Redefinition of Ballast for Full Containerships

The ACP will modify the definition of ballast for full container vessels, allowing a ship that carries 30 percent or less of its capacity to be charged the ballast rate of \$57.60 per TEU, \$14.40 less than the \$72 laden (ships with cargo) rate.

II. Temporary Modifications to the Reservation System

- Reservation Fee Reduction: The base reservation price is reduced depending on the vessel size for all segments that use the ACP's Reservation System. For example, the base reservation price for a super vessel, with a beam greater than or equal to 100 feet and a length greater than or equal to 900 feet, is reduced by \$5,000 per transit.
- Late Arrival Fee Reductions: Currently, when vessels fail to arrive on-schedule, they lose their slot, but have the option to pay an additional charge to keep the reservation and transit that same day. The new temporary measure reduces the charges and provides shipping lines with greater flexibility. The percentage reduction varies depending on the vessel's arrival time.
- More Flexibility for Slot Substitutions: Canal customers will now have 30 days before the date of a vessel's transit to request slot substitutions without additional costs. Previously, customers could make such requests without an additional charge if that request was made at least 60 days prior to the date of transit. This temporary measure grants shipping lines more flexibility for slot substitutions, allowing them to replace one vessel for another with similar dimensions.